

**Comments of Karen Ross, President
California Association of Winegrape Growers (CAWG)
California Performance Review
September 17, 2004 – Fresno, CA**

Thank you for the opportunity to present this testimony on the recommendations made in the California Performance Review with regard to resources and environmental protection. I am Karen Ross, President of the California Association of Winegrape Growers (CAWG). Our organization was established in 1974 to be an advocate for winegrape growers on state, federal and international public policy issues.

Winegrapes are grown in 47 of California's 58 counties by 4800 growers. Winegrowers are committed to being good neighbors, good stewards of the land and using best practices to manage businesses that contribute significantly to the economy of the state. We have partnered with Wine Institute to develop and implement the California Code of Sustainable Winegrowing Practices because growers and vintners are passionate about the long-term sustainability of the California wine community and a healthy California. The code translates the three principles of environmental soundness; economic viability; and, social responsibility into the everyday operations of grape growing and wine making.

We commend the Governor for his vision and leadership to invite Californians to assess how government should do business in the 21st century and how government interfaces with the citizens of this state. My comments today will focus on selected environmental protection and regulation issues. CAWG is working with a broad coalition of farmer and rancher organizations that has responded to the Resource recommendations and will be submitting extensive comments on other California Performance Review recommendations at the end of the month.

The Important Role of the Department of Food and Agriculture

An overarching policy question that we would like to put before your Commission is the need for the Department of Food and Agriculture (CDFA) to be involved in all policy matters and development of regulations that affect farming and ranching. This would obviously include the issues that you have asked me to address today. The secretaries of CDFA and its Environmental Planning and Policy Unit have been important voices over the years in the discussions regarding non-point source controls, the CalFed process, updates to the

State Water Plan, and the very important deliberations regarding land use planning policy and the CEQA guidelines.

The CPR documents clearly recognize the way in which CDFA has effectively conducted itself and how it has interacted with its sister agencies and departments. We respectfully and fervently urge that the Department's role on behalf of agriculture -- its natural resource values, economic contributions, and the people and communities it serves -- continue to be woven into the very fabric of a reorganized State government.

Organizational Issues

Government Reorganization - Volume II, Chapter 6, The Department of Environmental Protection

We support the concept of the **Department of Environmental Protection** as the proposed successor to Cal/EPA, but are concerned with several recommendations. We do not agree with eliminating the 11 member Air Resources Board as established in Health and Safety Code 39500 (et seq). The board allows the public to provide input and have direct access into the decision makers who are political appointments. An Ad Hoc committee created at the pleasure of the Secretary of the California Environmental Protection Agency is not adequate and would put too much authority into the administrative level of any such agency.

We do not support the elimination of the State Water Resources Control Board and the creation of the Water Rights Board within the Department of Natural Resources. We do not have a final position on the proposed elimination of the regional boards. Our organization's experience with the existing regional board structure has been mixed. Notwithstanding the efforts commenced under the Wilson Administration to achieve consistency between regions we find differences in policies and implementation approaches between the various regions in which our farmers operate. For those with operations in the Central Valley and either the Central or North coasts this can be confusing, time-consuming and expensive.

More and more often we have found the need to seek clarification from the State Water Resources Control Board. We have generally found the State Board and staff to be responsive and willing to tackle the inter-regional matters that are brought to their attention. Moreover, the State Board's jurisdiction over water rights and water quality gives it the span of jurisdiction which is helpful in fashioning solutions that necessarily take both areas into

account. Given the need of farmers and ranchers to integrate both requirements into their practices, we believe that in integrated span of jurisdiction is preferable.

Responses to Specific Recommendations

RES 1 – *The California Environmental Protection Agency, or its successor, should create, on or before January 1, 2005, a centralized Office of Regulatory and Compliance Assistance (ORCA) to develop an integrated approach to respond to inquiries regarding all state environmental program requirements.*

We agree that the State should be more helpful and responsive to the people of California. However, limiting the mandate of this new office to simply responding to inquiries on state environmental programs will not achieve the ultimate goal of governmental reorganization.

ORCA must be charged with actually helping California businesses resolve conflicting or overlapping regulatory programs. It should help businesses identify state environmental program requirements and have the authority to consolidate or streamline conflicting or duplicate programs into a single process so the dual goals of business expansion and environmental protection are achieved. The risk-based, multi-media inspection protocol proposed in RES 18 would be an example of the type of work that could be accomplished by ORCA.

Further, ORCA should be segmented by industry so each major industry has a single point of contact within ORCA. For example, general business, manufacturing, and agriculture should each have a single point of contact. In this scenario, the California Department of Food and Agriculture could have a MOU with ORCA where CDFA would provide that single source of contact for California farmers and ranchers.

Finally, a question to consider is whether ORCA should also be charged with suggesting those cross-jurisdictional areas, like pesticides and water quality, which require either statutory or regulatory streamlining, including the development of inter-agency agreements. Again, our experience with the relevant agencies has been varied. However, if many of the reorganization proposals are enacted, then it might be wise to consider including this recommendation authority within ORCA's charter.

RES 18 – *Establish a Risk-Based, Multi-Media, Environmental Compliance Assurance Program.*

We concur that Cal/EPA should pursue the various recommendations found within this issue. At the heart of this recommendation is the coordinated approach to environmental compliance that is based upon relative risks. In addition, it is important to understand the impact that inspection, reporting and related fees have on small businesses, especially farms which are generally unable to pass on regulatory compliance costs to their customers. Given the limitation in State resources and the need to avoid a rush to impose new fees on the private sector that do not return a cost-effective environmental benefit, we support pursuing coordinated environmental enforcement based on those posing the greatest environmental risk. We cannot help but believe that the deliberations at the Central Valley Regional Water Quality Control Board would have been different had this approach been in effect at the time.

However, one cannot approach water quality regulation in California without recognizing the very large role of the Federal government in its enforcement of the Clean Water Act and various statutes responsible for protecting fish and wildlife species. The United States has delegated the NPDES permitting responsibility to the regional boards which places them in the position of trying to reconcile the State's Porter-Cologne Water Quality Act with the Federal statutory scheme. The not-so-artful result has often been confusing, slightly out of sync and expensive. The Governor and the Commission ought to consider asking the Congress to grant full equivalency to California's water quality program to avoid this discordant situation. The cost-savings to the private sector would be significant and environmental enforcement would be enhanced due to additional clarity and accountability.

RES 33 – A. *The Governor should work with the Legislature to amend the relevant sections of the Public Resources Code and the Health and Safety Code that impede use of program funds for purposes related to broader environmental protection goals. (Specific code sections include, but are not limited to, Public Resources Code Section 42885 (et seq.); Health and Safety Code Section 44060 (et seq.); Public Resources Code Sections 47200 (et seq.) and 48650 (et seq.); and Public Resources Code Section 14580 (et seq.)).*

There must be a strong nexus between what a fee is collected for and any environmental program that is funded by that fee. For instance, the tire recycling fee in Public Resource Code 42885 (et seq) is to be used for cleanup, abatement, removal and other remedial action related

to tires. AB 923 (Firebaugh, Pavley) was approved by the Legislature in the 2004 session and awaits the Governor's decision. A large number of business groups supported the proposed tire fee increase in AB 923 because the use of these new monies is limited to fund programs and projects that mitigate or remediate air pollution caused by the decomposition of tires and any expenditure is under the oversight of the state air board. It is important to the agricultural community that anytime a fee is initiated or expanded there must be a direct link from what is being assessed to the use of that money with clear oversight authority to prevent any abuse or unrelated expenditures.

Concluding Remarks

Again, we want to applaud the Governor for his vision in initiating the California Performance Review. He has challenged us to think differently about our government and how we can continue to make California the golden state of opportunity, quality of life, and innovation. One of the most intriguing elements of the CPR document is the proposed creation of a ***Department of Infrastructure***. We believe that the State of California must adopt as its highest priority a renewed commitment to infrastructure investment. For too long we have been living off of the legacy of those who were courageous and bold enough in the 1950s and 1960s to fashion water delivery, higher education, and transportation systems that have been the envy of the world.

However, we have seen the competitive edge slip to the point that all Californians should recommit to investing in our fundamental delivery systems. We concur that the creation of a new Department of Infrastructure with water and energy as key components is an essential step in coordinating, developing, and constructing vitally needed improvements to our socio-economic foundation.

We appreciate the hard work and thoughtful deliberations that have gone into the development of the California Performance Review. **CAWG** welcomes the opportunity to work with you and other stakeholders to re-organize our government to meet the needs of all Californians efficiently and effectively in the 21st century.